

DESOTO COUNTY MISSISSIPPI

COMPLIANCE REPORT

Compliance Special Reports

For the year ended *September 30, 2019*

SHAD WHITE

State Auditor

Stephanie C. Palmertree, CPA, CGMA

Director, *Financial and Compliance Audit Division*



*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability.*

DESOTO COUNTY

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DESOTO COUNTY

SPECIAL REPORTS



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

**Shad White
AUDITOR**

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE ANNOTATED (1972))**

Members of the Board of Supervisors
Desoto County, Mississippi

We have examined Desoto County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code Annotated (1972)* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code Annotated (1972)* during the year ended September 30, 2019. The Board of Supervisors of Desoto County, Mississippi, is responsible for the County's compliance with those requirements.

Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Desoto County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Desoto County, Mississippi, complied with state laws governing central purchasing, inventory, and bid requirements for the year ended September 30, 2019.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, Mississippi Code Annotated (1972)*.

Desoto County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended for use in evaluating Desoto County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

STEPHANIE C. PALMERTREE, CPA, CGMA
Director, Financial and Compliance Audit
Office of the State Auditor

DESOTO COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2019

Our tests did not identify any purchases from other than lowest bidder.

DESOTO COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/17/2018	Repaired Sprinkler System	\$ 1,274	Quarles Fire	Broken by inmate.
5/16/2019	Cell Construction Rubbish Pit	\$ 870,448	Allen Engineering	Dire need for immediate expansion of pit.
6/27/2019	Hauling of Dirt to rubbish pit	\$ 452,685	DWM, CMM, & V. McGee	Necessary for immediate preservation of County operations and public health. Delay would have an adverse effect on the County.

DESOTO COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/15/2018	Control System	\$ 193,500	Montgomery Technology
10/15/2018	Software	36,740	Data Systems Software
5/6/2019	Express Poll Books with Stands	12,700	Election Systems & Software
8/22/2019	Chiller #1 Repair/Control System	13,492	Ewing Kessler
8/26/2019	Taser Holsters, Battery Packs and Handles	6,025	Axon

DESOTO COUNTY
Schedule of Surety Bonds for District Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Jessie Medlin	Supervisor District 1	RLI Insurance Company	\$100,000
Mark Lyndon Gardner	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
William M. Russell	Supervisor District 3	State Farm Fire & Casualty Company	\$100,000
Lee Perkins Caldwell	Supervisor District 4	Travelers Casualty and Surety Company	\$100,000
Michael Gaines Lee	Supervisor District 5	Liberty Mutual	\$100,000
Vanessa Lynchard	County Administrator	Travelers Casualty and Surety Company	\$100,000
Misty Hefner	Chancery Clerk	State Farm Insurance Company	\$100,000
Lynn Morgan	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Cindy Lu Camyre	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Latoya N. Smith	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Janet R. Knight	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Rhonda G. Ramey	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Susan J. Patrick	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Ashley Anderson	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Rhonda Landrum	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Chelsea Allen	Deputy Chancery Clerk	State Farm Fire & Casualty Company	\$50,000
Babette Wartenberg	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Kathy McCoy	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Margie Calvi	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Ginger Bayless	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Chelsea Allen	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Kelsi Stallings	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Denise Sims	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Mary Jane Thaxton	Deputy Chancery Clerk	State Farm Fire and Casualty Company	\$50,000
Pat McLeod	Purchase Clerk	Western Surety Company	\$75,000
Karen McNeil	Assistant Purchase Clerk	Western Surety Company	\$50,000
Angie Irving	Assistant Purchase Clerk	Western Surety Company	\$50,000
Kim Cox	Receiving Clerk	Western Surety Company	\$75,000
Jason Patrick	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jamee Bradshaw	Assistant Receiving Clerk	Western Surety Company	\$50,000
Janet Knight	Assistant Receiving Clerk	Western Surety Company	\$50,000
Carla Osborne	Assistant Receiving Clerk	Western Surety Company	\$50,000
Rhonda Ramey	Assistant Receiving Clerk	Western Surety Company	\$50,000
Pam Sing	Assistant Receiving Clerk	Western Surety Company	\$50,000
Sherry Marshall	Assistant Receiving Clerk	Western Surety Company	\$50,000
Lorrie Bay	Assistant Receiving Clerk	Western Surety Company	\$50,000
Gail Bernard	Assistant Receiving Clerk	Western Surety Company	\$50,000
Amy Cooper	Assistant Receiving Clerk	Western Surety Company	\$50,000
Danny Klein	Assistant Receiving Clerk	Western Surety Company	\$50,000
Barry Chatham	Assistant Receiving Clerk	Western Surety Company	\$50,000

Vickie Patton	Assistant Receiving Clerk	Western Surety Company	\$50,000
Reby Johnson	Assistant Receiving Clerk	Western Surety Company	\$50,000
Dixie Lamb	Assistant Receiving Clerk	Western Surety Company	\$50,000
Felicia Hopper	Assistant Receiving Clerk	Western Surety Company	\$50,000
Debbie Rutherford	Assistant Receiving Clerk	Western Surety Company	\$50,000
Vickie Tillman	Assistant Receiving Clerk	Western Surety Company	\$50,000
Rikki Ogle	Assistant Receiving Clerk	Western Surety Company	\$50,000
Amy Lay	Assistant Receiving Clerk	Western Surety Company	\$50,000
Margaret Windham	Assistant Receiving Clerk	Western Surety Company	\$50,000
Deborah Logan	Assistant Receiving Clerk	Western Surety Company	\$50,000
Angela Gunter	Assistant Receiving Clerk	Western Surety Company	\$50,000
Heather Hearn	Assistant Receiving Clerk	Western Surety Company	\$50,000
Cindy Laughter	Assistant Receiving Clerk	Western Surety Company	\$50,000
Amanda Jenkins	Assistant Receiving Clerk	Western Surety Company	\$50,000
Cyndie White	Assistant Receiving Clerk	Western Surety Company	\$50,000
Mindy Chamberlain	Assistant Receiving Clerk	Western Surety Company	\$50,000
Marilyn Culver	Assistant Receiving Clerk	Western Surety Company	\$50,000
Dianne Bunyard	Assistant Receiving Clerk	Western Surety Company	\$50,000
Brandi Johnson	Assistant Receiving Clerk	Western Surety Company	\$50,000
Rebecca Minter	Assistant Receiving Clerk	Western Surety Company	\$50,000
Kim Cox	Assistant Receiving Clerk	Western Surety Company	\$50,000
Lynn Ford	Assistant Receiving Clerk	Western Surety Company	\$50,000
Hunter Pettigrew	Inventory Clerk	Western Surety Company	\$75,000
Kim Northcutt	Assistant Inventory Clerk	Western Surety Company	\$50,000
Amy Henley	Assistant Inventory Clerk	Western Surety Company	\$50,000
Cindy Camry	Assistant Inventory Clerk	Western Surety Company	\$50,000
Lawrence Vaughn	Constable District 1	Travelers Casualty and Surety Company	\$50,000
Joshua Wilson	Constable District 2	Travelers Casualty and Surety Company	\$50,000
Mitzi Hodge	Constable District 2	State Farm Fire and Casualty Company	\$50,000
John Keith Combes	Constable District 3	Travelers Casualty and Surety Company	\$50,000
Bobby Glen Holloway, Jr.	Constable District 4	Travelers Casualty and Surety Company	\$50,000
Kenneth Lee Hodge	Constable District 5	Travelers Casualty and Surety Company	\$50,000
Dale Thompson	Circuit Clerk	Liberty Mutual	\$100,000
Andrea Victoria Griffith	Deputy Circuit Clerk	Liberty Mutual	\$100,000
Rebecca Wilkie Smith	Deputy Circuit Clerk	Bayside Surety Brokerage	\$50,000
Vivian Embry	Deputy Circuit Clerk	Brierfield Insurance Company	\$50,000
Evelyn Bearden	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Teresa Johnson	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Allison Pullen Pannell Harris	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Marla Treadway	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Brandi Sherpe Johnson	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Rhonda Vance	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Diane Bunyard	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Patricia Galbrarith	Deputy Circuit Clerk	Western Surety	\$50,000
Kendall Akerson	Deputy Circuit Clerk	Liberty Mutual	\$50,000

Meredith Cole	Deputy Circuit Clerk	Liberty Mutual	\$50,000
Annabelle Ibsen	Deputy Circuit Clerk	State Farm Fire & Casualty Company	\$50,000
Rachel Greer	Deputy Circuit Clerk	State Farm Fire & Casualty Company	\$50,000
Bill Rasco	Sheriff	Travelers Casualty and Surety Company	\$100,000
Amy Lucritia Henley	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Chassie M. Darby	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Stephanie Lacey Grosman	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Kimberly M. Wood	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Dana M. Patrick	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Dee Anna E. Davis	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Joshua Edward Shelton	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Catherine Marjorie Flynn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Annie M. Wood	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Kendall Michelle	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Natalie Williams	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Kristen Prewitt	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Ashley Rines	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Sydney Williamson	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Paul A. Blaylock, Jr.	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Kelly Rene Barker	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Erin L. Falconer	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Susanna Taylor	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Alexandra Nicole Denfip	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Mary Heather White	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Tabitha Worly	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Breanna Bodnar	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Kenneth Adams	Justice Court Judge District 1	Travelers Casualty and Surety Company	\$50,000
Larry Vaughn	Justice Court Judge District 2	Travelers Casualty and Surety Company	\$50,000

William Lantrip	Justice Court Judge District 3	Travelers Casualty and Surety Company	\$50,000
William Brad Russell	Justice Court Judge District 4	Travelers Casualty and Surety Company	\$50,000
Karen Sanders Carter	Justice Court Judge District 5	Travelers Casualty and Surety Company	\$50,000
Patrick C. Sanford	Justice Court Clerk	Western Surety Company	\$50,000
Deborah J. Rutherford	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Vickie Tillman	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Patricia Yow	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Karen Mullen	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Stephanie Rozell	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Candie Hubbard	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Lori Karus	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Meagan Blackwood	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Kailey Gilmore	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Sheniqua Hawkins	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Marrion Sowell / PT	Deputy Justice Court Clerk	St. Paul Travelers	\$50,000
Joseph W. Treadway	Tax Collector	State Farm Insurance Company	\$100,000
Abigail Beechum	Deputy Tax Collector	Western Surety Company	\$50,000
Amanda M. Jenkins	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Amber Keyondra French	Deputy Tax Collector	Western Surety Company	\$50,000
Angela Hope Cole	Deputy Tax Collector	Western Surety Company	\$50,000
Ashley Richmann	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Britni L. MacMillan	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Brittney Morgan	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Cindy Laughter	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Elizabeth Riley	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Erin Shook	Deputy Tax Collector	Western Surety Company	\$50,000
Heather Hearn	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Hunter Scruggs	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Janice Hill	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Judy Easley	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Kimberly Buchanan	Deputy Tax Collector	Western Surety Company	\$50,000
Meredith Mayer	Deputy Tax Collector	Western Surety Company	\$50,000
Suzanne Reilly	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Tammie R. Rhoda	Deputy Tax Collector	State Farm Insurance Company	\$50,000
Whitley Doyle	Deputy Tax Collector	Western Surety Company	\$50,000
Whitney Rice	Deputy Tax Collector	Western Surety Company	\$50,000
Wontasha Miliam	Deputy Tax Collector	Western Surety Company	\$50,000
Kayla Edwards	Deputy Tax Collector	Western Surety Company	\$50,000

Parker Pickle	Tax Assessor	State Farm Fire & Casualty Company	\$50,000
Andrea Freeze	Comptroller / CFO	Western Surety	\$50,000
Andy Swims	Road Manager	Liberty Mutual / The Ohio Casualty Insurance Company	\$50,000
Andy Sims	Engineer	Liberty Mutual	\$50,000
Josh Pounders	Coroner	Western Surety Company	\$10,000



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Desoto County, Mississippi

In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions to ensure compliance with legal requirements. The scope of our review covered the 2019 Fiscal Year.

We have performed some additional limited internal control and state legal compliance review procedures, as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisor:

Finding 1: Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.

Applicable State Law: *Section 25-11-127(1)(a), Mississippi Code Annotated (1972)*, states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section... Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment."

Section 25-11-127(4), Mississippi Code Annotated (1972), states, "The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

- (a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or
- (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment."

Finding Detail: During our review of Desoto County, we noted the following exceptions with the reemployment process of retired public employees:

- We were unable to determine if the PERS Form 4B for one employee was submitted to PERS for Fiscal Year 2019.
- Nineteen (19) out of the twenty-three (23) PERS Form 4Bs were not submitted within five (5) days of reemployment.
- Two (2) employees were paid more than allowed by the PERS Form 4B:
 - 1st Employee – \$479.20
 - 2nd Employee – \$511.48

Failure to properly file PERS Form 4Bs could jeopardize the provisions for reemployment.

Recommendation: We recommend the Payroll Clerk ensures that Form 4Bs are filed on time, and ensures retirees are not rehired before ninety (90) days have elapsed, as required by law. We also recommend that the Payroll Clerk ensure that retired public employees are not compensated more than allowed by the PERS Form 4B, as required by law.

Official Response: Response to exceptions with the rehired PERS Retirees:

- I am unable to find a PERS Form 4B between January 2018 and August 2019. The employee was hired on January 29, 2018.
- Forms are mailed to retirees to complete and sometimes are not returned timely. We will make sure to include a timely deadline with our correspondence in the future.
- Two (2) employees overpaid:
 - 1st Employee - he was given an increase in error during the budget sessions, the funds were collected via payroll deductions to obtain the overpayment back. PERS reporting was updated as well.
 - 2nd Employee - he was given a pay increase on 9/23/2018 for the County fiscal year. Pay amount corrected on the 19-20 Form 4B.

Repeat Finding: No.

Chancery Clerk:

Finding 2: Public Officials Should Ensure Compliance with State Law over Credit Card Expenditures.

Applicable State Law: *Section 19-3-68, Mississippi Code Annotated (1972)*, states, "The chancery clerk or county purchase clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards

each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the board of supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the County in the same manner as other items on the claims docket."

Finding Detail: During our review of Desoto County, we noted that the Chancery Clerk failed to present an itemized list of credit card expenditures to the Board of Supervisors.

Failure to report credit card expenditures could result in fraud or misappropriation of public funds.

Recommendation: We recommend the Chancery Clerk ensure that an itemized list of credit card expenditures is presented to the Board of Supervisors, as required by state law.

Official Response: The County has been aware of this issue, and it has been addressed and rectified as of the end of the physical year 2019, the start of 2020.

Repeat Finding: No.

Justice Court Clerk Judge, 1st District; Justice Court Clerk Judge, 5th District; Constable, 1st District, Constable, 3rd District; and Constable, 5th District:

Finding 3: Public Officials Should Ensure Compliance with State Law over Completing Statements of Economic Interest.

Applicable State Law: *Section 25-4-25(a), Mississippi Code Annotated (1972)*, states, "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter:(a) Persons elected by popular vote..."

Section 25-4-29(l)(a), Mississippi Code Annotated (1972), states, "Every incumbent public official required by paragraphs (a), (b), (d) and (e) of Section 25-4-25 to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration."

Section 25-4-29(2), Mississippi Code Annotated (1972), states, "Any person who fails to file a statement of economic interest within thirty (30) days of the date the statement is due shall be deemed delinquent by the commission. The commission shall give written notice of the delinquency to the person by United States mail or by personal service of process. If within fifteen (15) days of receiving written notice of delinquency the delinquent filer has not filed the statement of economic interest, a fine of Fifty Dollars (\$50) per day, not to exceed a total fine of One Thousand Dollars (\$1,000), shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed."

Finding Detail: During our review of Desoto County, we noted that one (1) Board of Supervisors, three (3) Constables, and one (1) Justice Court Judge did not file a Statement of Economic Interest with the Mississippi Ethics Commission for the 2018 Calendar Year and one (1) Justice Court Judge filed a Statement of Economic Interest for the 2018 Calendar Year after the May 1 deadline.

Failure to file the statement of Economic Interest, as required by state law, results in noncompliance with *Section 25-4-25* and could result in fines being assessed and a civil judgment being enrolled against the delinquent filers, as allowed by *Section 25-4-29(2)*.

Recommendation: We recommend the public officials file a Statement of Economic Interest, no later than May 1 of each year that such official holds office, regardless of the duration, as required by law.

Official Response:

Justice Court Judge, 1st District: In response, I offer the following information:

- I was under the impression that I actually filed an SEI in 2019 because I am aware of the regulatory requirement. However, I cannot locate documentation to support the filing.
- Enclosed is my SEI filed today within an hour after receiving your notification.
- Also enclosed are my annual filings for the last five years with the MS Secretary of State for the two limited liability corporations I am an officer with. I do understand that the Ethics Commission and Secretary of State office are different but the filings of these reports coupled with the required campaign disclosure documents that I had to file several times last year also due to it being an election year were possibly a part of the confusion that led me to believe my SEI was filed. I have a positive track record of complying with all requirements in these areas.

Justice Court Judge, 5th District: In the future, I will make sure this statement of economic interest is received by May 1. I apologize for any inconvenience this may have caused.

Constable, 1st District: I appreciate the call notifying that I had not filed my SEI form for 2019. Being that it was an election year, I thought I filed all my necessary paperwork. I do apologize that this report may have been overlooked, and I intend to make it right. I believe I have filed the previous years' reports. I will file the report for 2019 as soon as this response is turned in.

Constable, 3rd District: I filed pre-election in 1st term. I am now aware that I need to file every year. I have no other income other than Constable District 3.

Constable, 5th District: I was informed on 2/18/20 that I have not filed my statement of economic interest. This will be taken care of as soon as possible.

Repeat Finding: No.

Sheriff:

Finding 4: Public Officials Should Ensure Compliance with State Law over Monthly Settlements.

Applicable State Law: *Section 19-25-13, Mississippi Code Annotated (1972)*, states, "All fees and charges for services heretofore collected by sheriffs shall be collected by the sheriff and paid monthly into the general fund of the concerned county."

Finding Detail: During our review of Desoto County, we noted the following exceptions:

- Two (2) Sheriff's Office settlements were not settled timely; and
 - The June settlement was not made until August 15.
 - The July settlement was not made until September 25.
- Six (6) Canteen account settlements were not settled timely.
 - September settlement was not made until November 16.
 - November settlement was not made until January 18.
 - January settlement was not made until March 8.
 - A portion of the February settlement was not made until April 29.
 - May and Portion of April settlement were not made until July 17.
 - July settlement was not made until September 25.

Failure to make timely settlements could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Sheriff ensure that settlements are made on a timely basis in accordance with state law.

Official Response: Sheriff's Office settlements and Canteen account settlements will be submitted by the end of the following month.

Repeat Finding: No.

Finding 5: Public Officials Should Ensure Compliance with State Law over Timely Deposits.

Applicable State Law: *Section 25-1-72, Mississippi Code Annotated (1972)*, states, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."

Finding Detail: During our review of Desoto County, we noted the following exceptions:

- Eight (8) bond receipts were not deposited until two (2) to eight (8) business days later; and
- Twelve (12) canteen receipts were not deposited until two (2) to thirteen (13) business days later.

Failure to make timely bank deposits could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Sheriff ensure to deposit monies the same day or the next business day after the funds are receipted, as required by law.

Official Response: Deposits will be made as often as possible each week.

Repeat Finding: No.

Finding 6: Public Officials Should Strengthen Internal Controls over Segregation of Duties.

Internal Control Deficiency: An effective system of internal controls should include adequate segregation of duties.

Finding Detail: During our review of Desoto County, we noted that the deposit and reconciliation functions in the Sheriff's Office are not adequately separated. We noted the following exceptions one employee prepares the canteen deposit, takes the deposit to the bank, reconciles the account, and makes settlements.

Failure to segregate duties could result in fraud or misappropriation of public funds.

Recommendation: We recommend the Sheriff strengthen internal controls to ensure that adequate segregation of duties in the collection and disbursement functions.

Official Response: The kiosk prints out a receipt of how much money was deposited into the kiosk. One employee counts the cash and prepares a deposit. A second employee verifies the deposit. In the future, both employees will initial the kiosk receipt and deposit. Officer accompanies one of these employees to the bank. Employee counting money reconciles the bank statement. In the future, a third employee will sign off on the bank reconciliation.

Auditor's Note: Auditors only witnessed one (1) employee working in the canteen department who was in charge of making and taking deposits, reconciling the statement, and preparing settlements; therefore, auditors were unable to verify that the procedures were appropriately segregated

Repeat Finding: No.

Desoto County's responses to the findings included in this report were not audited, and accordingly, we express no opinion

on them. Minor grammatical changes may have been made to responses in order to provide clarity. These changes did not change the substance of the Official Response.

This report is intended solely for the information, and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is fluid and cursive, with the first name being the most prominent.

STEPHANIE C. PALMERTREE, CPA, CGMA
Director, Financial and Compliance Audit
Office of the State Auditor